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**FISCAL IMPACT STATEMENT**

**LS 7584**

**BILL NUMBER:** SB 559

**NOTE PREPARED:** Mar 3, 2009

**BILL AMENDED:** Feb 19, 2009

**SUBJECT:** Worker's Compensation Matters.

**FIRST AUTHOR:** Sen. Kruse

**FIRST SPONSOR:** Rep. Niezgodski

**BILL STATUS:** As Passed Senate

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
X FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** ( 1) This bill requires the Worker's Compensation Board (Board) to establish a medical utilization review procedure for medical treatment provided to or proposed for work-related injuries and illnesses.

(2) The bill requires a health care provider to file a claim for payment with the Board not later than two years after the last date the provider provided services to an injured or disabled employee. The bill establishes a \$60 filing fee that must accompany the claim for payment.

(3) It requires that billing review services be certified by the Board. The bill also increases from \$1,000 to \$5,000 the maximum civil penalty that may be assessed against a billing review service that does not comply with the statutory billing review standards.

(4) The bill allows the Second Injury Fund to be used to pay certain fund liabilities.

(5) The bill authorizes the Board to resolve claims using mediation.

(6) The bill increases civil penalties for failure to: (1) post certain notices; (2) file certain records; and (3) determine liability for claims in a timely manner.

(7) The bill permits the Board to request evidence of worker's compensation and occupational diseases compensation coverage from an employer. It establishes civil penalties for an employer's failure to provide proof of coverage. The bill also allows the Board, after notice and a hearing, to post on the Board's web site the name of an employer who fails or refuses to provide proof of coverage.

(8) The bill requires that civil penalties be deposited in the Worker's Compensation Supplemental Administrative Fund, instead of the state General Fund.

(9) It amends the definition of "pecuniary liability" applying to the responsibility of an employer or insurance carrier to recognize that the charge for services provided by a medical services facility may be determined using the Medicare resource-based relative value scale.

**Effective Date:** Upon passage; July 1, 2009; January 1, 2010.

**Explanation of State Expenditures:** The bill would impact the state as an employer and also the Board as an administrator of the program. The impact on the state as an employer would probably be minor.

(1) The fiscal impact of establishing a medical utilization review procedure for medical treatment provided to or proposed for work-related injuries and illnesses would be a one-time cost and would probably be minor.

(2) The fiscal impact of requiring a health care provider to file a claim for payment with the Board not later than two years after the last date the provider provided services to an injured or disabled employee could reduce the number of claims and reduce administrative costs. A \$60 filing fee is required to be paid by the health care provider.

(3) After December 31, 2009, a billing review service for the pecuniary liability of an employer or employer's insurance carrier must be certified by the Board. The Board is allowed to set an application and renewal fee that is necessary to generate revenue to offset the costs of the application and renewal process. The fees are placed in the Worker's Compensation Supplemental Administrative Fund.

(4) The Secondary Injury Fund has borrowed money in prior years to pay claims until the assessments could be increased. The bill would allow the fund to repay the loans. Currently, the fund can only be used to pay claims. The loans from prior years are about \$962,000.

(5) The authorization of the Board to resolve claims using mediation could reduce administrative costs and possibly reduce the time to settle claims.

(Revised) (9) The Board may need to purchase software and hire additional staff to recognize that the charge for services provided by a medical services facility may be determined using the Medicare resource-based relative value scale. The Board estimates that software costs would be about \$200,000 and personnel cost for an additional three staff would be about \$175,000.

**Explanation of State Revenues:** (3) The bill would increase the civil penalty if the Board finds that a billing review service used a billing review standard that did not comply with statutory billing review standards of \$5,000 instead of \$1,000.

(6) The bill creates civil penalties for failure to: (1) post certain notices; (2) file certain records; and (3) determine liability for claims in a timely manner from \$50 per violation to \$50 for the first violation, \$150 for the second violation, and \$300 for the third or subsequent violations.

(7) The bill would establish a civil penalty if an employer does not provide the Board with current proof of coverage. The penalty is \$150 if the proof is not provided in 7 days, \$300 if not provided in 14 days, and \$1,000 if not provided in 25 days.

(8) The bill would deposit civil penalties collected by the Board into the Worker's Compensation Supplemental Administrative Fund, instead of the state General Fund. The Board collected approximately \$400 annually in civil penalties during the last four years.

**Explanation of Local Expenditures:** The impact on local units would be as an employer.

**Explanation of Local Revenues:**

**State Agencies Affected:** All, Worker's Compensation Board.

**Local Agencies Affected:** All.

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